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can keep attorneys or experts in Washington always on the job, the problem of getting a hearing, of obtaining refunds, and of making appeals is like that confronting Stanley when he set out to find Livingston in Darkest Africa. Talbert shows the taxpayer his legal rights and discusses the administrative methods, and difficulties. But he does not, nor can he as long as the law compels the taxpayer to shoot so long a bow, show you or me where to aim. It is with relief, not to say surprise, that we read that every "case receives the most careful scrutiny." But it is cold comfort to learn that it is only fear of establishing precedents that deprives one of the satisfaction of knowing the result of an attempted appeal even when knowing the worst would be better than the uncertainty.

Carl C. Plehn.

University of California.

British War Finance and the Consequences. By T. J. Kiernan. (London: P. S. King and Son. 1921. Pp. vi, 134. 5s. 6d.)

I read this little book through carefully preparatory to writing this review. Then I read it all over again to renew the pleasure I had found in it. It deals with important matters, and presents them clearly and very attractively. It is a dissertation presented for the M. A. degree, at the National University of Ireland. Would that all scholastic dissertations were as good. Brief as it is, it will serve as a handy reference book and one wishes it had an index, which is missing.

The book begins with a statement of the financial system of Great Britain as it was before the war, in which none but the essentials are reviewed. The gold standard, a currency supplied by the Mint, the complete separation of the Bank of England's issue department from the fiscal operations of the government, the non-interference of the government with the currency, and the freedom of credit from political control are the main points set forth. The first chapter ends with a table showing that British government expenditures multiplied thirteenfold, increasing from £m 196.5 in the fiscal year 1913-14 to £m 2,576.5 in 1918-19. This sets the problem, which is to trace the changes in the financial system thus occasioned.

The story of the first shock to credit in 1914 has been well told several times, but never better than by Mr. Kiernan. He is franker than some others have been in condemnation of the resort to and continuance of issue of the £1 and 10s. legal tender currency notes. "By this measure, the monetary and fiscal functions of the State were confused for the first time in the modern history of the country, and all check on the Government's power of issuing more currency than was required by the demands of industry was removed" (p. 25). Was that

necessary in view of the suspension of the Bank act—an expedient far less fraught with subsequent dangers? "The Treasury's power of printing and issuing Currency Notes was used as a fiscal device for getting a loan without having to pay interest for it; these notes were, in the result, the means of confusing, in a most shameless and unprecedented fashion, the monetary and fiscal functions of the State" (p. 33).

Next comes a review of the increase of the public debt, from £m 716 in 1913 to £m 7,882 in 1920 or about elevenfold, but the debt charges grew over thirteenfold. Expenditures, which had increased from £m 197.5 in 1913-14 (these are Exchequer Issues and differ a little from the figure given above) to £m 2,696 in 1917-18 had been reduced by 1919-20 to £m 1.666 but still exceeded the revenues by £m 326. In reviewing the items of revenue, borrowings and expenditures, Mr. Kiernan is of the opinion that war time taxation was not sufficiently heavy. While it did seem that England got under way with new taxation more slowly than accorded with her traditions of war finance, yet it appears to the reviewer that an 80 per cent excess profits tax and an income tax dropping down to little folks with $12 a week, and approaching a maximum limit of over 12s. in 20s., together with other forms of heavy taxes is by no means insufficient even for war taxes.

The relative effects of public borrowings from each of the different possible sources is admirably set forth (pp. 46 ff.) and the conclusion reached that there was too much dependence on "money subscribed directly by banks, or money borrowed from banks by individual subscribers to the loans" (p. 49). It would have been better in the long run had the war debt been "spread among the masses of the people." All this seems sound judgment, but may there not be some personal prejudice in the implication (p. 92) "that the moneyed minority had influence over the Chancellors"? Watching at long range, some 5,000 miles distant, reading carefully every available report, budget, speech, and other document which could be obtained the reviewer formed so high an opinion of the sound wisdom and firmness of Mr. McKenna as Chancellor of the Exchequer, that the "surmise" above quoted seems wholly unjust.

The review of the effect of currency issues, and of the excessive use of short-time notes on prices is admirably done. In calling attention to the frequent fallacious use of percentages, the partial breakdown of index numbers, and to the presence in the usual formulas of important "unknown" quantities, Mr. Kiernan has done a real service. The general conclusion that it was the rapidity of spending by government and people alike which raised prices, and that prices were assisted in rising by currency and credit inflation is admirably put. Some rather caustic remarks about Ricardo's alleged contribution to the "quantity

theory" are amusing. Why Ricardo should be required to have foreseen and refuted the fallacies which developed a century later any more than Adam Smith's works should be searched for a refutation of Marx theories, or a confirmation of the Austrian theory of value?

The chapter on the foreign exchanges is interesting and well put. But we may wonder whether the author's view that parity can be restored mainly by increased production and exports is correct. Until the currency system is restored and the outstanding treasury bills reduced it seems doubtful whether a favorable balance of trade alone will bring back the gold pound sterling.

The conclusion is that the war has left England's one-time nearly perfect system of finance in some disorder. "The perfection of this (pre-war) financial machinery lay in its automatism. That automatic action has ceased." The market holds £m 1,000 of treasury bills, and that puts the Bank of England at the mercy of the market. Then there are still £m 335.4 of currency notes outstanding. It will require strenuous taxation, strenuous economy, and a great sacrifice of "the enjoyment of indolence" on the part of the people to restore to Great Britain the old time soundness of her financial system.

CARL C. PLEHN.

University of California.

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This book published under the auspices of the Doheny Foundation relates to Mexico.

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